

<p>SUPERVISION PROFILE</p> <p>CENTRAL BANK OF BELIZE</p>
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1. (a) SUPERVISORY AGENCY

Central Bank of Belize

(b) CATEGORIES OF FINANCIAL INSTITUTIONS FOR WHICH IT HAS REGULATORY OVERSIGHT

Categories	Activities
Commercial Banks	Commercial banking business
International Banks	International banking business
Money Transfers Services	Wire transfer services
Finance Houses or Finance Companies	Financing of hire purchase and installment credit, financing accounts receivable, trade and inventory financing, factoring, block discounting and lease financing.
Leasing Corporations	Lease Financing
Merchant Banks or Investment Banks	Trading, floating and underwriting stocks, shares, bonds and all other types of securities.
Mortgage Institutions	Mortgage lending
Collective Investment	A scheme carried on by a company, a partnership or a unit trust that issues equity interests, the purpose or effect of which is the pooling of investor funds with the object of spreading investment risks and enabling investors in the scheme to receive profits or gains from the acquisition, holding, management or disposal of investments, provided that the pooling of funds by banks and insurance companies shall not be deemed to be within this definition.
Credit Card Business	Issuing payment, credit or charge cards and, in cooperation with others including other financial institutions, operating a payment, credit or charge card plan.
Financial Services	Providing financial services relating to forward contracts, futures contracts or options in relation to foreign exchange and commodities and all other contracts or instruments commonly known as financial derivatives where the underlying assets are commodities, foreign exchange, securities, indices, etc.

2. **NUMBER AND NAMES OF ENTITIES SUPERVISED UNDER EACH CATEGORY**

Categories	No. of Entities	Name of Entities Supervised
Commercial Banks	5	<ul style="list-style-type: none"> • Atlantic Bank Limited • Belize Bank Limited • FirstCaribbean International Bank (Barbados) Limited • Heritage Bank Limited (Formerly Alliance Bank of Belize Limited) • Scotiabank (Belize) Limited
International Banks	7	<ul style="list-style-type: none"> • Atlantic International Bank Limited • British Caribbean International Limited (formerly Belize Bank International Limited) • Caye International Bank Limited • Choice Bank Limited • Handels Bank & Trust Company Limited • Heritage International Bank & Trust Limited (formerly Provident Bank and Trust of Belize Limited) • Market Street Bank Limited
Credit Unions	14	<ul style="list-style-type: none"> • Belize Credit Union League • Blue Creek Credit Union Ltd. • Citrus Growers & Workers Credit Union Ltd. • Civil Service Credit Union Ltd. • Evangel Credit Union Ltd. • Holy Redeemer Credit Union Ltd. • La Inmaculada Credit Union Ltd. • Mount Carmel Credit Union Ltd. • Police Credit Union Ltd. • St. Francis Xavier Credit Union Ltd. • St. John's Credit Union Ltd. • St. Martin's Credit Union Ltd. • Toledo Teachers Credit Union Ltd. • Wesley Credit Union Ltd.
Money Transfer Services	1	<ul style="list-style-type: none"> • Western Union • Omni Networks • MoneyGram
Collective Investment	1	<ul style="list-style-type: none"> • Unit Trust Corporation (Belize) Limited (formerly Belize Unit Trust Corporation

		Limited)
Financial Institution	1	• MicRoe Finance Company Limited

3. **PRUDENTIAL INFORMATION/DATA REQUIRED OF LICENSED INSTITUTIONS AND REPORTING INTERVALS**

Categories	Type of Return	Interval
Commercial Banks	<ul style="list-style-type: none"> • Balance Sheet • Report of Liquid Assets • Loans by Economic Sector • Report on Interest Rates on Loans and Deposits • Report of Capital Adequacy • Report of Profit and Losses • Maturity Ladder of Financial Assets and Financial Liabilities • Twenty Largest Loans and Deposits • Breakdown on Deposits and Loans • List of Bad Debts • Audited Financial Statements • Loans granted to or guaranteed by Government • Related Party Transactions equal to or greater than \$100,000 • Abandoned Properties 	<ul style="list-style-type: none"> Weekly Weekly Monthly Monthly Quarterly Monthly/Quarterly Quarterly Monthly Monthly Monthly/Semi-Annually Annually Quarterly Weekly Annually
International Banks	<ul style="list-style-type: none"> • Balance Sheet & Supplemental Data • Report of Liquid Assets • Report of Profit and Losses • Maturity Ladder of Financial Assets and Financial Liabilities • Report of Capital Adequacy • List of Bad Debts • Audited Financial Statements • Related Party Transactions equal to or greater than \$100,000 	<ul style="list-style-type: none"> Monthly/Quarterly Quarterly Monthly/Quarterly Quarterly Quarterly Monthly/Semi-Annually Annually Weekly
Credit Unions	<ul style="list-style-type: none"> • Balance Sheet • Loans by Economic Sector • Report on Interest Rates on Loans and Deposits • Report of Profit and Losses • Twenty Largest Loans and Deposits 	<ul style="list-style-type: none"> Monthly Monthly Monthly Monthly Quarterly

	<ul style="list-style-type: none"> • List of Bad Debts • Audited Financial Statements • Report of Liquid Assets • PEARLS Report 	Monthly/Quarterly Annually Weekly Monthly
Money Transfer Services	<ul style="list-style-type: none"> • Report of Total Inflows and Outflows and Net Settlement • Inflows by Economic Transactions 	Monthly Monthly
Collective Investment	<ul style="list-style-type: none"> • Balance Sheet • Report of Profit and Losses • Audited Financial Statements 	Quarterly Quarterly Annually
Financial Institution	<ul style="list-style-type: none"> • Balance Sheet • Report of Profit and Losses • Audited Financial Statements 	Monthly Monthly Annually

4. PRUDENTIAL INFORMATION/DATA PUBLISHED BY THE INSTITUTIONS OR AUTHORITY AND PUBLICATION INTERVAL

Categories	Publication	Interval
Commercial Banks	<ul style="list-style-type: none"> • Report of Profit and Losses • Balance Sheet • Audited Financial Statements 	Quarterly Quarterly Annually
International Banks	<ul style="list-style-type: none"> • Report of Profit and Losses • Balance Sheet • Audited Financial Statements 	Quarterly Quarterly Annually
Credit Unions	<ul style="list-style-type: none"> • Industry Report of Profit and Losses • Industry Balance Sheet 	Quarterly Quarterly
Collective Investment	<ul style="list-style-type: none"> • Balance Sheet • Profit and Loss 	Semi-annually Semi-annually

5. PRINCIPAL PIECES OF LEGISLATION GOVERNING THE OPERATION OF BANKING/FINANCIAL LICENSEES ARE AS FOLLOWS

- Central Bank of Belize Act, Revised Edition 2003
- Banks and Financial Institution Act, Revised Edition 2004, Regulations and Circulars
- International Banking Act, Revised Edition 2003 and Circulars (Previously Offshore Banking Act)

- Money Laundering and Terrorism (Prevention) Act, 2008
- Financial Intelligence Unit Act 2002
- Credit Unions Act, Revised Edition 2003
- Credit Unions Amendment Act 2005
- Credit Unions Amendment Act 2007

6. MAJOR CHANGES TO BANKING/FINANCIAL STATUTES OVER THE PAST TEN YEARS

The past decade has seen a number of significant legislations these are:

- Banks and Financial Institutions Act (Unit Trust) Regulations 2002 (Statutory Instrument No.142 of 2002)
- International Banking Act, Revised 2003 (See centralbank.org.bz)
- Money Laundering and Terrorism (Prevention) Act, 2008 (See centralbank.org.bz)
 - Money Laundering (Prevention) Regulations and Guidance Notes, 1998
 - Anti-Money Laundering and Combating the Financing of terrorism (AML/CFT) Guidelines for Banks, Financial Institutions, Credit Unions & Money Transfer service Providers, Implemented June 2010
- Financial Intelligence Unit Act 2002 (See belizelaw.org)
- Electronic Transaction Act 2003 (See belizelaw.org)
- Electronic Evidence Act 2003 (See belizelaw.org)
- Credit Unions Act, Revised 2003
- Credit unions Amendment Act 2005
- Credit unions Amendment Act 2007
- International Banking (Fees) Regulations 2010
- Banks and Financial Institution (Fees) Regulations 2010

7. AREAS IDENTIFIED FOR FURTHER LEGISLATIVE CHANGES AND DETAILS/STATUS OF ANY NOW IN PROCESS

(a) Revision of the Banks and Financial Institutions Act (BFIA)

The BFIA, which has been in existence since 1995, covers all aspects of banking activities and provides specific guidance on the operations of financial institutions.

In an effort to further strengthen prudential standards and to standardize the general requirements for all licensees that operate in Belize's financial system, the BFIA is being revisited. Towards this end, consultations were held with all domestic banks and financial institutions during which the revised laws were presented and meaningful discussions were held with licensees on the rationale for the changes and newly introduced sections.

The proposed revisions to the BFIA seeks to achieve three main objectives, namely (i) to further enhance the supervisory standards of banks and financial institutions to bring them in line with the recently revised international standards and best practices set by the

Basel Committee on Banking Regulation and Supervisory Practices, (ii) to improve efficiency by setting administrative penalties for non-compliance with the requirements of these laws and (iii) to revamp the resolution process of a bank. The International Monetary Fund is providing technical guidance and assistance for this project and the new is expected to come into force this year. .

(b) Revision of BFIA Circulars

Under the current provisioning requirements, domestic and international banks are not required to allocate provisions against fully collateralized adversely classified loans (ACLs). The ongoing financial turmoil highlights that in times of crisis, the value of real estate held as collateral by banks is oftentimes overestimated and not entirely reflective of depressed market conditions. Consequently, the balance sheet and true capital position of banks within our jurisdiction may be significantly overstated; important to note that this is also true even in normal times.

In the latter part of 2010, the Central Bank commenced revision of the BFIA Circulars that govern the provisioning of impaired assets. The Central Bank proposed the implementation of a provisioning requirement of 25% of the principal balance of loans categorized as substandard secured. These revisions would eliminate the reliance on collateral with respect to establishing loan loss provisions for substandard loans that are backed by collateral. As such, loans currently listed as substandard secured would migrate along the normal path of delinquency to the doubtful and loss categories, ultimately requiring provisioning of 50% and 100%, respectively. The Central Bank has also revised the circular on the classification of loans and other assets to include a more comprehensive range of circumstances under which accounts without fixed repayment dates (i.e. overdrafts) ought to be classified. Furthermore, in an effort to prevent the ever-greening of loans by banks, the proposed circulars will stipulate the maximum number of restructurings/renegotiations permissible over the life of a loan.

The Central Bank is confident that changes to the provisioning requirements will curb banks' over-reliance on collateral when granting loans. Consequently, it is expected that banks will become more prudent in their lending practices resulting in lower levels of adversely classified loans and increased profitability.

(c) Proposed Circulars on calculation of interest on deposits.

The Central Bank has commenced the consultation process on the proposed circular on the calculation of interest on deposits. This circular is expected to be issued within two months.

8. FORMAL DIRECTIVES, POLICIES, GUIDELINES/GUIDANCE NOTES ISSUED BY SUPERVISORY AUTHORITY TO LICENSEES

Directives to Domestic Banks are as follows:

- Classification of Loans and Other Assets for Banks and Financial Institutions (See centralbank.org.bz)
- Loan Loss Reserves for Banks and Financial Institutions (See centralbank.org.bz)
- Requirements for Treatment of Interest on Loans & Other Interest-Bearing Assets (See centralbank.org.bz)

The Directives to International Banks are as follows:

- Classification of Loans and Other Assets (See centralbank.org.bz)
- Loan Loss Reserves (See centralbank.org.bz)
- Requirements for Treatment of Interest on Loans & Other Interest-Bearing Assets (See centralbank.org.bz)
- Calculation of Capital Requirements (See centralbank.org.bz)

All Acts and Regulations can be down loaded from belizelaw.org

9. **STATUS OF JURISDICTION VIS A VIS BASEL CORE PRINCIPLES OF BANKING SUPERVISION**

- IMF conducted an Offshore Financial Sector Assessment of Belize in August 2003. The assessment revealed that Belize was compliant or largely compliant with twenty Core Principles and non-compliant with five. In the case of the core principles that we were found to be non-compliant, it pertained to the legal framework. Consequently, the BFIA, IBA and MLPA are being revised to address these issues. The summary of this report is available at IMF website. The summary of the report can be seen online at the IMF website.

10. **JURISDICTION STATUS VIS A VIS FINANCIAL SECTOR ASSESSMENT PROGRAMME (FSAP)**

The IMF will conduct a Financial Sector Assessment Program (FSAP) of Belize's financial system in July 2011.

December 2010